1-1-1994

The Setting

Judith McDonald
Lehigh University

THE SETTING

Introduction

The general theme of this volume of *Perspectives* is the myriad differences between the U.S. and Canada. Andrew Malcolm feels that "the differences between [the U.S. and Canada] are obvious to subtle Canadians and subtle to obvious Americans." (p. xv) Michael Ignatieff makes the following observation: "Viewed from the U.S., the differences between Americans and Canadians may seem very minor. Viewed from Canada, they form the crux of an identity." (p. 41) By chronicling some of these differences, it is our hope that some of the work presented here will help to lift the veil: both countries have a lot to learn from the experiences of the other.

What are these subtle (and not-so-subtle) differences between Americans and Canadians, why do they exist, and are they narrowing as these two countries continue their economic integration? Although the U.S. and Canada come from the same roots, most differences can be traced to attitudes towards government that go right back to the origins of the two countries. As stated by Martin Lipset:

> America reflects the influence of its classically liberal, Whig, individualistic, antistatist, populist, ideological origins. Canada, at least from a comparative North American perspective, can still be seen as Tory-mercantilist, group-oriented, statist, deferential to authority—a "socialist monarchy." (p. 212)

Canada's founding document[1] emphasizes "peace, order and good government," whereas all Americans are guaranteed "life, liberty and the pursuit of happiness." Consequently, the government plays a "cradle to grave" role in Canadians' lives, most notably, controlling guns, delivering health care, funding colleges and universities,[2] and providing a "welfare heaven." (Syed, p. A15)

After first discussing that part of the Canadian character/complex that has evolved from its relationship with the U.S., I will highlight what I consider to be the key current Canadian crises in the realms of economics, politics, and social programs. The concluding section will be devoted to hypothesizing about how recent developments in these areas have affected differences between the U.S. and Canada.

The (Complex) Canadian Character or Canadian Complexes

Living next door to what some would call a rather rambunctious, outgoing giant (who has more pressing concerns than the reserved, well behaved dwarf to the north) is not easy. As a result, Canadians have developed many complexes (I can say this because I am Canadian), some of which can actually be empirically supported. One Canadian has even gone so far as to call Canada "a kind of Woody Allen of nations." (Malcolm, p. 327)

In world affairs and in economic relations, Canada has long perceived itself to be the junior partner of the U.S. As a result, Canadians feel that Americans have not taken Canada very seriously. Also, thanks to incessant media bombardment, Canadians feel that they know more about their neighbour to the south than Americans do about the "kinder, gentler" Great White North, and Canadians often resent this knowledge asymmetry.[3] Canadians feel they are

[1]This was the British North America (B.N.A.) Act of 1867, which in 1982 was renamed the Constitution Act of 1867.

[2]There are no private colleges or universities in Canada.

[3]Andrew Malcolm presents some examples of "Dumb Yankee" stories. For example, Al Capone supposedly once said: "I don't even know what street Canada is on." However, he cautions that ignorance can be a "bilateral affair" and that the telling of these tales perhaps says more about Canadian insecurities than about American ignorance. (p. 166)

ignored, undervalued, misunderstood, and taken for granted by Americans. As Lester B. Pearson, the Prime Minister of Canada from 1963-1968, said: "We worry when you [referring to Americans] look hard at us, but we are also touchy about being overlooked." (National Film Board of Canada, p. 36) Paul Johnson, in his *Modern Times*, devotes 3 lines out of a total of 789 pages to Canada, compared to 137 lines for Argentina. Why do Americans ignore Canada? To some, Canada is boring and Canadians are considered dull. There have been no revolutions, civil wars, Wild West, race riots, Watergates or arms for hostages that would have demanded U.S. attention. Americans have never been exactly riveted by Canadians. And, to be honest, most Canadians have never been riveted by Canadians and their history either!

Canadians also have a somewhat irrational fear (not wholly irrational though, given the War of 1812) that the U.S. may one day invade in order to plunder Canada's vast natural resources. Canadians probably find small comfort from the fact that State Department documents identify British Columbia as the only province that should be considered for statehood if Canada breaks up. (Frum, p. A18)

Canadians are forever struggling to find a national identity or a national cause (the Blue Jays winning the World Series did a lot for national pride even though all the players but one were non-Canadian). Perhaps because Americans and Canadians are so similar, Canadians tend to define themselves by what they are not—Americans. According to *The Economist,* "Nothing, except perhaps flying the Maple Leaf upside down, is more certain to induce a fit of patriotism in Canadians than to suggest that they may become Americans." ("Glug Glug," p. 18) Canadians tend to define themselves by the things they think they do better than Americans. (Canadians suffer from what Malcolm calls a "superior inferiority complex" (p. xii), and from what others have called smugness). "What is a Canadian?" they joke. "An American with health care and no gun." ("Infiltration of the Nicest Sort," p. 38) The government is central to Canadians' identity. Part of the reason for the lack of a clearly-defined national identity is that extravagant displays of patriotism (and any extravagance of any sort) make many Canadians very uncomfortable. (MacNeil, p. 416)

Robert Fulford illustrates well the national schizophrenia whenever the spectre of closer ties with the U.S. is raised:

> There's a businessman in Toronto who has been in love for several decades with American movies, American jazz, and American baseball....Yet he sees himself as a proud Canadian nationalist, and if pressed would probably agree to be classed as anti-American....He fears American economic power, resents American influence on Canadian institutions, and sees the FTA as a tragedy. What worries him, he will explain, is the "Americanization" of Canada, the very process that he has so happily embraced. He's a highly Americanized anti-American, and he's not alone. (p. C7)

The ignorance on the part of most Americans of a typical Canadian's complicated feelings about the U.S. is another source of frustration.

Economics

The United States and Canada are each other's largest trading partners and are engaged in the largest bilateral economic relationship in the world. Although many Canadians have resented their dependence upon American markets,[4] the inevitable growing economic integration between the U.S. and Canada was formalized in 1989 in the FTA and in 1993 in the NAFTA. In spite of the persistence of often heated trade disputes (usually regarding Canadian exports to the U.S. of either wheat, lumber, or beer), on the whole this trade relationship works remarkably well.

J. Duncan Edmonds (p. A11) feels that for many Canadians the economic benefits of free trade with the U.S. are dubious,[5] while the polit-

[4]Due to Canada's great economic dependence on the U.S., "When the U.S. sneezes, Canada catches a cold."

[5]For example, many Canadians (especially in Southern Ontario) still like to blame free trade with the U.S. for many of Canada's economic woes (e.g., the loss of more than 400,000 manufacturing jobs in less than four years).

ical and psychological aspects of a more closely integrated relationship with the U.S. "tear at the very essence of the Canadian soul." This is because Canadians and Americans view trade issues very differently. As Fulford says, "Americans worry about trade only when jobs are threatened. But Canadians believe that a change in trading arrangements can destroy [their] culture and [their] way of life." (p. C7) The economic explanation for Canadians' trepidation is that the need to be competitive with the U.S. will force Canada to adopt less expensive American-style social programs.[6] The reality that Canada is now essentially integrated economically (and largely culturally) with the U.S. troubles many Canadians.

Canada has earned the dubious distinction of being the only member of the 24-nation OECD, other than Italy, to be classified as "severely indebted": by early 1993, the total debt of the federal and provincial governments was 96 percent of GDP.[7] In addition, Canada's foreign indebtedness is higher than that of any other industrialized country. (Bryan, pp. 277-79)[8]

As surprising as it may seem to many Americans, Canada needs to learn something from the U.S. about fiscal restraint. Although its health care and other social programs are sacrosanct, Canada simply can't afford them anymore. Because Canada's tax burden is already quite high (about 25 percent higher than that of the U.S.), social spending has been put on the chopping block. During the past several years there have been significant cuts to health care, welfare programs, and education, although Canadian social spending is still generous by American standards. (Symonds, p. 41)

[6]Of course, competition from countries other than the U.S. would eventually have forced these same cost-cutting changes.

[7]See *The Financial Post*, May 27, 1993. As a Canadian Taxpayers Federation report said: "It is surprising that the total government indebtedness of the majority of Canadian citizens is more severe than what citizens face in nations like Argentina, Burundi, Poland, Mexico and Brazil." (Bryan, 1994, pp. 277–78)

[8]*The Financial Post*, Sept. 1, 1994, predicts that Canada will "blast past" the world's leading economies this year, as its real GDP grew at an annualized 6.4% in the second quarter. Hopefully, this will allow government tax revenues to rise and welfare and unemployment expenditures to fall, thereby at least slowing the rate of increase of the debt.

Social Programs

Canadians take their health care very seriously. When a recent *Maclean's* poll asked what people thought most united Canada, the most popular response was health care.[9] (The second most popular response was hockey).[10] (Dwyer, p. 17) Because the U.S. (or at least the Clinton administration) appears to desire change in many different areas, especially health care and welfare reform, should the U.S. steer towards the Canadian model? Is Canadian society truly "kinder and gentler" and, if so, what price do Canadians pay?

Although Canadian and American living standards as measured by GNP per capita are very similar (Bryan, p. 42), Canadians seem to enjoy a much higher quality of life. In Canada there is less poverty, fewer homeless, healthier workplaces, safer cities,[11] a broader social safety net (e.g., health care and welfare), lower infant mortality, longer life expectancy, and heavily subsidized post-secondary education. According to the United Nations Development Program's "human development index," since 1992 Canada has consistently ranked in the top two countries in the world, whereas the best the U.S. has done is number six. (United Nations Development Programme)

Although some American politicians think that the U.S. could adopt some variation of Canada's health-care system, one of its basic premises — living without the best (Canadian hospitals don't have as much high-tech equipment as do their American counterparts) — would not be acceptable to many Americans. As one Canadian doctor contends: "Canadians and Americans are different. I'm not sure Americans would accept the fact that they couldn't buy something better than the next person." (Goad, p. A10)

[9]This response may seem "boring," but it is a short-hand way for (modest) Canadians to say that their society is fair, equitable, and caring. And, since Americans lack such universal healthcare coverage, the implication may also be that Canadians feel they are more caring than Americans.

[10]The tenth most popular response was "fear of the U.S."!

[11]For example, the murder rate per 100,000 people in 1992 was 2.3 for Toronto, 3.7 for Vancouver and 4.6 for Calgary; for Seattle, it was 11.0 while New York City and Philadelphia's rates were 27, and Washington, D.C.'s was 75.2. (Corelli, p. 15)

Politics

Canada's political tradition has been dominated by two fundamental issues: how to satisfy Quebec and how to manage the often benign but always threatening dominance of the U.S. (Edmonds, p. A11)

Since the early 1980s, Canada has been searching for a constitution acceptable to all Canadians. The opening of this Pandora's box has led to protracted national discussions, the failed Meech Lake Accord (1990), and the rejection of the Charlottetown agreement (a 1992 referendum on national unity). These difficulties have not only exhausted Canadians, but nation-wide disaffection has resulted, and even greater-than-usual regional rifts have emerged. According to *The Economist* again, "Today Quebec is still miffed, and so too are Indians, Inuit, Westerners, Nova Scotians and the people of the prairies."[12] ("Glug Glug," p. 18)

Although Canadians are proud of their tolerance and their diversity, their ability to compromise, their reasonableness and their multiculturalism, attempting to please everyone will mean that Canada's constitution, which defines the government, remains unresolved. As mentioned earlier, part of the problem is that Canadians lack a common purpose: regional allegiance and identification is much stronger than a national identity. Although Canada started out in 1867 with a much stronger federal system than the U.S., today Ottawa's control over the provinces is much weaker than Washington's control over the states. Perhaps Canada should try to reverse this process and follow the U.S.'s example.

Conclusions

Although Americans and Canadians still differ in their attitudes towards government, it seems that such attitudes may be changing in both the U.S. and Canada, thus narrowing the differences between them. There is now a feeling that Canada owes much of its mess (economic, political, and social) to excessive government. As a result, the most recent Canadian federal election (October, 1993) saw the demise of the Progressive Conservatives, the battering of the socialist New Democrats, and the concomitant first-time rise to power of two populist, anti-government movements: the Bloc Quebecois (which advocates the secession of Quebec from Canada) and the Reform Party (which did not exist seven years ago and whose number of representatives in Ottawa has risen to 52).[13]

Although Americans fret about their international competitiveness and their massive debts, Canadians find themselves in an even sorrier state and may have to go the American route of a diminished role for government. However, because the government is central to Canadians' sense of identity, Canadians are perhaps due for another massive identity crisis.

In 1992, Americans elected a president who vowed to implement Canadian-style universal health care, control guns, and reform the welfare system. Could it be that "the Canadian tail is wagging the American dog?" ("Infiltration of the Nicest Sort," p. 38) It is somewhat ironic that Canada is being forced to cut back its social programs at the very time that the Clinton administration is attempting to expand such programs in the U.S. As the U.S. and Canada become even more closely linked, the differences between them will inevitably shrink. As the editors of *The Economist* predict, "Sooner or later Canadians are going to become Americans. Too bad." ("For Want of Glue," p. 18). I, for one, hope they are wrong.

This volume of *Perspectives* is devoted to examining some of these differences between the U.S. and Canada. The topics studied vary widely — from antitrust policy to the arts, from health-care policy to bank regulation. And the focus is

[12]Quebec didn't think it was getting enough, and everyone else thought that it was getting too much. Another problem is that many Canadians now see themselves as members of interest groups with special rights, rather than as "just plain citizens," all of whom are entitled to the same rights. Could this be multiculturalism run amok? ("Still One Canada," p. A18)

[13]Canada's conservatives are more liberal than many liberal Americans. Before the Reform Party (which was founded in the West in 1987) there was no Canadian political party right of centre.

not exclusively American (several of the student-authors are Canadian). In any case, we hope that these studies will allow both the U.S. and Canada to learn from the experiences of the other.

JUDITH A. McDONALD
ASSISTANT PROFESSOR OF ECONOMICS

REFERENCES

Bryan, Ingrid A. *Canada in the New Global Economy: Problems and Policies*. Toronto: John Wiley & Sons Canada Limited, 1994.

Corelli, Rae. "Murder Next Door." *Maclean's*, April 18, 1994, pp. 14-23.

Dwyer, Victor. "In Search of Unity." *Maclean's*, July 1, 1994, pp. 16-19.

Edmonds, J. Duncan. "Canada's Critical Malaise of the Spirit." *Wall Street Journal*, February 5, 1993, p. A11.

"For Want of Glue—Canada: Nice Country, Nice Mess." *The Economist*, June 29, 1991, pp. 2-18.

Frum, David. "Canada? Who'd Want It?" *Wall Street Journal*, May 17, 1990, p. A18.

Fulford, Robert. "God Save Our Gracious Tariff." *Globe and Mail*, September 24, 1992, p. C7.

Goad, G. Pierre. "Feeling Better: Canada Seems Satisfied with a Medical System that Covers Everyone." *Wall Street Journal*, December 3, 1991, p. A1 and A10.

"Glug Glug: Canada's No Means No Consensus, and No End to Uncertainty." *The Economist*, October 31, 1992, p. 18.

Ignatieff, Michael. "Minor Differences Mean a Lot." *New York Times Book Review*, May 13, 1990, p. 41.

"Infiltration of the Nicest Sort." *The Economist*, October 23, 1993, p. 38.

Johnson, Paul. *Modern Times: A History of the World from the 1920s to the 1990s*. London: Orion House, 1992.

Lipset, Seymour Martin. *Continental Divide, The Values and Institutions of the United States and Canada*. New York: Routledge, 1990.

MacNeil, Robert. "Looking for My Country." *American Review of Canadian Studies*, Winter 1991, pp. 409-421.

Malcolm, Andrew H. *The Canadians*. New York: St. Martin's Press, 1992.

National Film Board of Canada. *Between Friends/Entre Amis*. Ottawa: McClelland and Stewart, 1976.

"Still One Canada." *Wall Street Journal*, October 28, 1992, p. A18.

Syed, W. Bilal. "Welcome to Ontario, Welfare Heaven." *Wall Street Journal*, September 9, 1994, p. A15.

Symonds, William C. " 'The End of the Canadian Dream'?" *Business Week*, May 10, 1993, pp. 40-41.

United Nations Development Programme. *Human Development Report*. New York: Oxford University Press, 1992-1994.